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     UNITED STATES DISTRICT COURT
     SOUTHERN DISTRICT OF NEW YORK
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     JANE DOE, et al.,
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                    Plaintiffs,
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                                         18 Civ. 9936 (LGS)
                V.
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     THE TRUMP CORPORATION, et al.,
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                    Defendants.
8
                                             New York, N.Y.
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                                             March 12, 2020
                                              3:45 p.m.
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     Before:
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                         HON. LORNA G. SCHOFIELD
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                                             District Judge
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                       APPEARANCES (via telephone)
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     KAPLAN HECKER & FINK LLP
          Attorneys for Plaintiffs
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     BY: JOHN QUINN
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          ROBERTA KAPLAN
          ALEXANDER RODNEY
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     EMERY CELLI BRINCKERHOFF & ABADY LLP
19
          Attorneys for Plaintiffs
     BY: DAVID BERMAN
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          OGILVIE WILSON
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     SPEARS & IMES LLP
          Attorneys for Defendants
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     BY: JOANNA HENDON
          ANDREW KINCAID
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(In the robing room)

(Case called)

THE COURT: Okay. Good afternoon, counsel. So I have received your letters. I have reviewed your letters. I will say though I know there was one that was just filed on March 11, which I think it today -- it's today or yesterday. In any event, I have not been able to study that one, although I have looked at it.

I guess the place to start — why don't we start with the matter that's easiest, and that is the request for production of documents that is outstanding. And, as I understand it, the parties essentially agreed to the production of these documents. They are from nine records custodians using 21 search terms. I understand there has been one piece of a rolling production from defendants, but there is more. So let me ask the defendants: How much more is there, and when will it be produced?

MS. HENDON: Joanna Hendon, your Honor, for the defendants. Good afternoon.

THE COURT: Good afternoon.

MS. HENDON: We have more, and we can start producing it this month. I have been in Los Angeles this week, and I am hoping to get back to New York City, but we will be in a position to continue rolling the production of those documents this month.

THE COURT: OK. So what I really want to know is how much is left. Let's start there. We have 252 documents that have been produced. Is that a quarter of what there is? Is that half? What's your estimate?

MS. HENDON: Do you know, Mr. Kincaid, what the total volume that we have following the review of the 190,000 documents, what we have to produce?

MR. KINCAID: This is Andrew Kincaid from Spears & Imes for the defendants. I would estimate that the 252 documents we produced as about half as a rough estimate of the total volume that we estimate producing at the end of the relevance and privilege search.

THE COURT: And what still needs to be done with the documents that haven't been produced that is between here and there and production?

MS. HENDON: Nothing, your Honor. It's just been a matter of completing what was a very time consuming, lengthy and substantial review.

THE COURT: But, as I understand it, you now have identified the documents that are responsive and not privileged. Do you need to do anything else to them before they are produced?

MS. HENDON: No. I would like to look at them before they go over, but I think that's something that can happen next week.

THE COURT: OK. So I'm going to ask that they be produced by March 20, which is a week from tomorrow.

Then let's turn to the question of organizational charts. I know that the plaintiffs had said that they are hampered by the fact that they don't understand the positions of various correspondence and their relative seniority, and so it's hard for them, I presume, to make sense of the documents they have, as well as decide who the essential deponents might be. But I also understand that the defendants are saying that this request covers 15 entities from basically 2005 to the present and that is burdensome.

Have you all tried to talk to each other to come to some agreement that makes this request as useful as possible to the plaintiffs and as manageable as possible to the defendants?

MR. QUINN: John Quinn from Kaplan Hecker, your Honor. We did invite defendants to have the conversation, and we were told on a meet and confer that it was a blanket refusal and that we should feel free to move on it, so that's what we did. We would certainly welcome that conversation and have tried to be throughout this process as reasonable and accommodating as possible.

THE COURT: OK. And, Ms. Hendon, what's the situation with the organizational charts?

MS. HENDON: The position is as follows, your Honor. We think that essentially discovery is supposed to be

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proportional to the needs of the case, and the discovery that the defendants have made already and in conversations I had with Mr. Quinn we have been very up front, and the discovery we provided shows this.

The case today is about Mr. Trump's relationship with ACN, his paid endorsement of ACN, the things he said about ACN, and among what we produced to the plaintiffs are the contracts between Mr. Trump and ACN. The documents we produced make clear -- and we have confirmed to plaintiffs -- that there are no corporate entities involved in this transaction or arrangement; it was personal to Mr. Trump. The contracts are with him, not a corporation. And it's visible through the documents that we produced -- again we have also asserted this -- that it's been widely and repeatedly reported in connection with many other legal proceedings involving Mr. Trump and his businesses before he was President that essentially Mr. Trump doesn't use e-mail, interacts with Rona Graff his personal assistant for many years, interacts with Ellen Weiselberg, interacts with Len Patton. You know, there is a small number of people that he dealt with on this issue.

THE COURT: Let me just interrupt for a second. I guess my question is: If that's the case, I would think there would not be a tremendous volume of organizational charts, if they exist at all. What do you know about the existence of the documents?

MS. HENDON: There are some organizational charts within the Trump organization, as you would expect, I think, but we view this as sort of an effort to just get into, and root around in, and understand Donald Trump's business relationships and how Donald Trump's companies intersect and interact with each other in a way that is divorced from any articulable need or relevance to what is at this time, your Honor, a very simple straightforward fraud case.

THE COURT: Again, let me ask a question. I apologize for interrupting you repeatedly, but I'm trying to be efficient here.

So who on behalf of Mr. Trump or the Trump organization dealt with ACN about this endorsement relationship?

MS. HENDON: Mr. Trump, Rona Graff.

And, Andrew, will you supplement with any names I left out.

MR. KINCAID: Andrew Kincaid for Spears & Imes.

That's largely correct. And to the extent that there are additional individuals, they are apparent on the face any of communications, but as Ms. Hendon noted a moment ago, the contracts are with Mr. Trump personally, not through any corporate entity, and as we said in meet and confer discussions before, it's not clear to us — and we haven't seen any showing — that organizational charts would lend any insight to

that determination.

THE COURT: All I'm trying to get at is if you think it's just Mr. Trump -- and did you say Ms. Grass?

MS. HENDON: Correct.

THE COURT: And then perhaps others who you say whose roles are apparent from the communications.

MS. HENDON: Correct, exactly.

THE COURT: Let me just ask the plaintiffs, what more do you need to have an understanding of what your documents mean and who your witnesses are?

MR. QUINN: Thank you, your Honor. John Quinn again from Kaplan Hecker for the plaintiff.

First, to the point about Trump organization employees. Even based on the 252 documents we have received so far, I have to say we don't agree with the characterization that the defendants have given. In addition to the individuals they've mentioned, there is a vice president of marketing, or someone who appears to be a vice president of marketing, who was on communications about ACN and Success magazine. Hope Hicks, the former director of communications, appears on some communications about ACN and Success magazine. These people's positions over time isn't apparent to us. There are also individual employees named whose names are simply new to us, who are copied on e-mails about communications with ACN, etcetera.

But there are these individuals in the Trump organization that we simply don't know what exactly their position is, who they report to, and that may lead us to additional custodians or deponents.

So it's simply not true that we have a clear picture to what was going on in the Trump organization, and I think defendants have conceded that Mr. Trump was using the employees and the officers of The Trump Corporation in connection with relevant events here.

So If there are organizational charts -- which Ms.

Hendon has acknowledged -- and those have already been compiled and collected -- which we asked the defendants on a meet and confer back in December and they confirmed -- certainly we need those.

Even beyond just The Trump Corporation itself, the mere fact that Donald Trump personally signed endorsement deals doesn't change the fact that he then used a wider array of entities and subsidiaries — including, for example, Trump Productions — to then carry out the fraudulent scheme at issue here. Trump Productions was intimately involved in communications about inviting ACN onto Celebrity Apprentice, controlling the content of how ACN would be presented, and then dealing with how that footage could be used in the future. So even beyond the Trump organization and the mere execution of the agreements, there are the related entities outlined in the

complaint that were used to perpetrate the scheme.

THE COURT: OK. Let me just interrupt there, and I will tell you what my thinking is on this.

I understand the arguments on both sides, but it strikes me that the plaintiff's request is somewhat overbroad.

I think you, plaintiffs, are certainly entitled to understand who the people were who were involved in this matter, who they reported to, what positions they were in, over what period of time, and even perhaps of relevance maybe what their relationship was to each other in the corporate structure.

On the other hand, it also seems entirely possible to me that there are whole pieces of the Trump organization that would appear in the charts that have nothing to do with any of those people or this matter, and frankly that's just not relevant.

What I would like you to do is talk to each other, and again by next Friday the 20th agree, if you can, on how to deal with this problem.

I told you what I think the plaintiffs are entitled to. I told you what I think the defendants are entitled to withhold. See if you can come up with an agreement on how you are going to accomplish that and do it quickly, and put that in a letter to me on the 20th. OK?

MS. HENDON: Yes, your Honor. Thank you.

MR. QUINN: Understood.

THE COURT: So the next issue is the scope of fact discovery. And let me just preface this by saying that my individual rules place certain limits on the scope of ESI discovery. And of course we know that the Federal Rules of Civil Procedure similarly place limits on discovery, for example, the duration and number of depositions.

What I would just like to clarify is that I think certainly my understanding with respect to my own rules -- but even with respect to the federal rules -- is that these are guidelines; they are not one size fits all for all cases. And my own rules are intended to try to get cases in front of me that reasonably require more discovery so that there is more judicial management and so that things can be done in a way that is efficient and proportionate but at the same time of the greatest use and relevance to the party seeking the information.

So, I'm not going to hold anyone to the hour limits or the custodian limits that are in my rules, but what I would like to say is that it seems to me that the plaintiff needs to be able to tell me who the additional custodians are. And actually you don't need to tell me; I frankly don't need to know. But you do need to have an understanding of who the additional custodians are and have that discussion with the defendants.

And I would urge the defendants to be reasonable. To the extent those custodians have relevant information, and it's a matter of extending search terms to an electronic search, I would think that you should agree to a further production. But I also think you probably want to talk to each other — it sounds like there isn't enough talking going on that is cooperative here — to figure out who the additional custodians are. I will hear from the plaintiffs on that issue, if you'd like?

MR. QUINN: Sure. Thank you, your Honor. John Quinn from Kaplan Hecker.

At this point, as the Court knows, we got 252 documents from the defendants, so we are limited in our ability to identify comprehensively the custodians that we would want. Certainly, all the individuals who have been mentioned so far both by defendant and then some of the additional names that I mentioned would be on our list. So that would be I believe 15 total individuals on the list I have in front of me associated or affiliated in one way or another with the Trump organization. And certainly there could be more when we do receive information about who people reported to and the like.

But certainly I welcome the Court's invitation to meet and confer with defendants on this, with the understanding that the parties won't be held to that limit, and I think we can have a productive conversation and certainly make a first step

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at identifying some additional custodians based on the record we now have.

OK. Ms. Hendon, anything you want to add? THE COURT: MS. HENDON: No, that's fine, your Honor. I quess I would like to add -- and I will be very brief -- and I wish I said this at the outset, but I will say it now -- that it is our position that now that our motion to compel arbitration is pending, we are prejudiced every day by all of this discovery -- in particular the third-party discovery -- but all of it. And your Honor has directed us to meet and confer and make document production, and of course we are going to do that, but it is our view that because of the prejudice to us, that the motion we filed in September really ought to be decided as promptly as possible now, so that in the event of an adverse decision for my clients, we can promptly appeal it.

It is our view that an arbitrator should be making all the decisions that your Honor is having to take time out of her schedule to decide at this point. But to your last comment, of course we will meet and confer, and if they have identified six more custodians, we will take that under advisement and of course be reasonable.

THE COURT: So here is what I would suggest. I would like to keep this thing moving, so if the remaining documents are being produced by the 20th, what I would like is I would like a joint letter on the 27th that tells me that you have

reached agreement on the additional custodians, or telling me that you've agreed except for, and then outline what the remaining issues are, and I will then just rule on those promptly so we don't get held up in extended meet and confer sessions.

So then the issue is depositions, and I guess this is a question for Mr. Quinn. I detect some tension in your letter in the sense that understandably you would like to get as many documents as you can before taking depositions for the usual good reasons. On the other hand, you seem to be wanting to take the depositions now and objecting to the fact that in your view the defendants are obstructing the taking of depositions.

And I guess those two positions seem a little bit inconsistent to me. I want to keep things moving, but I think that it makes sense for you to just get your documents first for us to work out who the custodians are, to get the second wave of production, and then deal with the deposition issue. But you tell me, Mr. Quinn.

MR. QUINN: Thank you, your Honor. The Court's comment is very well taken. And that tension is really just a product of our effort to as diligently as possible meet the fact discovery cut-off set by the Court. We obviously ultimately made a unilateral request for a lengthier extension. The Court entered a 60-day extension, and we are simply trying to do the best we can to get all the discovery we need and take

the most productive possible depositions bearing in mind that deadline.

That said, what the Court has proposed in term of getting the documents and trying to close the document record — or at least substantially close the document record — and then proceeding to depositions makes great sense to us, provided that the overall discovery deadlines can be adjusted to accommodate that. Certainly it seems like a sensible way to proceed, and we have no objection whatsoever to doing that.

And I would just add in light of the recent events around the Covid-19 pandemic, you know, that sort of accommodation may make even more sense. I think everybody on the phone is likely aware of this, and I would just add I hope everybody stays healthy -- many of us are probably joining remotely -- especially as we think about depositions in a case where, for example, Jane Doe, the first plaintiff described in the complaint, resides in California and is a hospice worker who works regularly with the elderly. The logistics of planning that deposition and doing it very quickly -- to say nothing of the document issues the Court has raised -- I think pose real challenges here. So, again, as long as the overall schedule can be adjusted appropriately, we have no objection to the way the Court has proposed about how to proceed.

THE COURT: OK. Ms. Hendon, I assume you don't have

any objection to that either.

MS. HENDON: Well, I certainly object to the notion that we're going to revisit and readjust the discovery schedule more broadly.

Your Honor proposed getting document discovery done before turning to the question of depositions. That sounds reasonable to me, but I would say that as often as my adversary uses the word "diligent" to describe their approach to party discovery, we received the first deposition notices addressed to the defendants in this case on February 27. That was days before the close of fact discovery. So, I have no problem making document discovery first and turning to the issue of depositions, but all that Mr. Quinn said about embedding notions of expanded deadlines beyond that, you know, we object to, because it's our position the plaintiffs have been anything but diligent with respect to party discovery in this case.

THE COURT: Wait, wait. Before we get into this, I mean we're going down a road of finger pointing, and you may both have legitimate views, but frankly I don't want to get into it. That isn't of particular concern to me.

My own view is I would like to keep this case moving as quickly as possible for obvious reasons. My apology for my contribution to the delay with the arbitration agreement, but that will be forthcoming soon I hope.

So here is what I would like to do. We have documents

by the 20th, additional custodians by the 27th. Why don't you figure out then what follows on that, in other words, given that, how much longer it will take the defendants to produce documents, and put that in the same letter to me on the 27th. And if you can't tell me that, then you can write a separate letter with that, how long it's going to take to produce those documents by let's say April 1.

I'm going to schedule a conference for us to follow up on this on April 2. Let's do it April 2nd at 3 o'clock.

MS. HENDON: Your Honor, it's Joanna Hendon. I am sorry to interrupt you, but I have an all day settlement conference on April 2. Would it be possible to pick a day earlier in the week or the following week?

THE COURT: Sure. Why don't we do April 1. And I would like your letter then telling me what you think the proposed timeframe is by the 30th, but feel free to include it in the letter on the 27th, if you're able to do that.

And if you have agreed, and there doesn't seem to be anything to discuss or resolve on April 1, then I will cancel the conference. But if there are any outstanding issues, we can have a conference on the 1st, and I will just rule. OK?

MS. KAPLAN: Your Honor, Ms. Kaplan. Depending upon the coronavirus, Mr. Quinn and I may be on trial in London on that date, so can we request that it be by phone? If it's by phone, we'll make sure we can do it.

THE COURT: Actually I think for the foreseeable future we are doing everything by phone, so just make that assumption.

MS. KAPLAN: I also have doubts whether we will get to London, your Honor, so...

THE COURT: I was going to add that myself. And there is always the risk you won't be able to come back if you go.

So, anyway, I will put all of this in an order so that there is some clarity. If there is anything in the order that's inconsistent with what I said, please follow the order.

Is there anything else that we need to talk about today?

MS. HENDON: This is Joanna Hendon, your Honor. Some of the items of dispute concern the number of years over which defendants are review ESI material.

THE COURT: Thank you for reminding me. Could I ask a question?

So I understand that the plaintiffs are saying that this relationship between Mr. Trump -- I guess then Mr. Trump -- and ACN started in 2005, but I also know that your remaining causes of action are basically under state law. And I wonder -- I don't know the answer to this -- but I wonder if the relevant period isn't governed by the statute of limitations applicable to each of those claims. Does anyone know what the life of your claims are? Mr. Quinn or

Ms. Kaplan?

MR. QUINN: Your Honor, we certainly have the dates on which the plaintiff signed up and have made allegations as to when the harm arose in terms of their failure to recoup their investment.

Respectfully, on behalf of the plaintiff, the key point with respect to the date range is that not only does the relationship date back to 2005 -- which is when the relevant agreements were signed and understandings were reached as to how the endorsement would be given, how the message would be shaped and how it could be used -- but the actual content that we have alleged was fraudulent was created in 2006 for video material, 2007 for print material, and the Celebrity Apprentice episodes were filmed in 2009 and 2011, and as we outline in the complaint, that same material was recycled and reused in various ways, including with respect to each of the plaintiffs and their decisions to enroll in the ACN business opportunity.

So, the creation of that material and the circumstances around it are highly relevant to the fraud issue. The truth of the statements, as well as the knowledge that the defendants had, and the intent, that really is the time in which the fraud itself is being concocted and the fraudulent message is being recorded and written down.

THE COURT: I'll stop you right there. I understand your point. It sounds pretty persuasive to me, but I haven't

heard from Ms. Hendon.

MS. HENDON: Your Honor, when the statements were created and when these disks were created is irrelevant to their case. We don't have schemes and conspiracies in RICO anymore. We have allegations that four people went to meetings where these disks were played, and the disks contained allegedly materially false and misleading statements and omissions. You know, what was said and done and how --

THE COURT: Wait one second though. I don't understand, and perhaps you can help clarify.

One is my recollection -- but I haven't gone back and reread my decision on the motion to dismiss -- my recollection is the reason we're still even here in federal court is because of CAFRA jurisdiction. There are classes, and although there was a nationwide class alleged, there were also state subclasses I think from California and Pennsylvania, and I don't remember what other states, and, therefore, there are class members whose injuries may go back to a particular time. But I also understand Mr. Quinn to be saying that the fraudulent statements -- in other words, discovery around the fraud and whether it was intentional, knowledgeable, etcetera -- dates to the time that they were made, and that predates the five year period. So maybe you can address that,

MS. HENDON: I guess I say the same thing. How is it

relevant when these statements were created and the disks were made? Some were maybe made in 2005, others were made later.

What matters to every plaintiff's cause of action, and what is relevant to every plaintiff's cause of action, is not how were the disks made and in whose studio were they shot and who drafted the language that is used by Mr. Trump on the disks.

What matters is whether that language contained materially false or misleading statements of omissions. That's what the trier of fact is going to have to assess. The disk could have been made in the 19th Century, but what is on them and what the defendants say they heard, that's going to be the issue.

And if you waive the request -- I mean I understand the facial appeal of what Mr. Quinn said, but how this risk was developed -- whether it's 2005, 2006 or 2010 -- is of no bearing at all on whether the words spoken by Mr. Trump were false and misleading -- none whatsoever. All of these state law claims have statutes of limitation periods.

THE COURT: Let me ask a question though. Isn't there an element of both intent and -- I guess for lack of a better word -- truth?

For example, let's say Mr. Trump made a recorded statement in 2006 and he either believed it was true at the time, or it actually was true at the time, and somehow it got aired later. Wouldn't that be completely relevant to his defense?

MS. HENDON: He's going to defend that he thought these statements were true when he made them, but it doesn't matter what the pieces of paper are that exist in someone's file or across their ESI from 2005 on that subject. His state of mind is his state of mind, and we're going to do defend on that, but we're not going to do that by bringing forward documents from 2005, I promise you. I'm not going to resist discover to the other side and then make my defense using the same documents.

THE COURT: So let me just make a ruling here so that we don't go on and on about this.

MS. KAPLAN: Your Honor, may I just say one more thing. Last I heard fraud was an intentional tort, so we have to show that at the time he made them he intended them to be untrue. And all the documentation that may or may not exist about what he was going to say when he said it, and whether it was true, is highly relevant.

THE COURT: So stop. Let me ask you to stop there. I understand both of your positions; here is my ruling.

My ruling is that I will allow discovery back to 2005, but you need to take care with respect to any particular request or search term that it makes sense to go back to that period for that request.

In other words, I can conceive of requests that there is no reason to go back that far, and others where it does make

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1	sense, so I'm going to allow requests to go back to 2005,
2	provided you have a good relevance argument and you're prepared
3	to defend it when and if the defendants object.
4	Let me also say to the defendants, I expect an honest
_	aggregation of relevance from you go that you would bring

end it when and if the defendants object. Let me also say to the defendants, I expect an honest assessment of relevance from you so that you won't bring arguments to me that something isn't relevant when it clearly

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MR. QUINN: Understood, your Honor.

MS. HENDON: We would of course give you an honest assessment of relevance.

THE COURT: I appreciate that. And you have been forthcoming with the Court so far, and I appreciate that.

So let's stop there. I will issue an order as to those issues. Are there any other issues that need to be addressed now particularly with respect to document discovery, so that we can be productive in the next couple of weeks?

MR. QUINN: Nothing further from plaintiff, your Honor. Thank you.

MS. HENDON: Nor from the defense, your Honor. Thank you.

THE COURT: All right. Thank you very much. We are adjourned.

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